

FEB 24 '34

The Executive PURCHASER



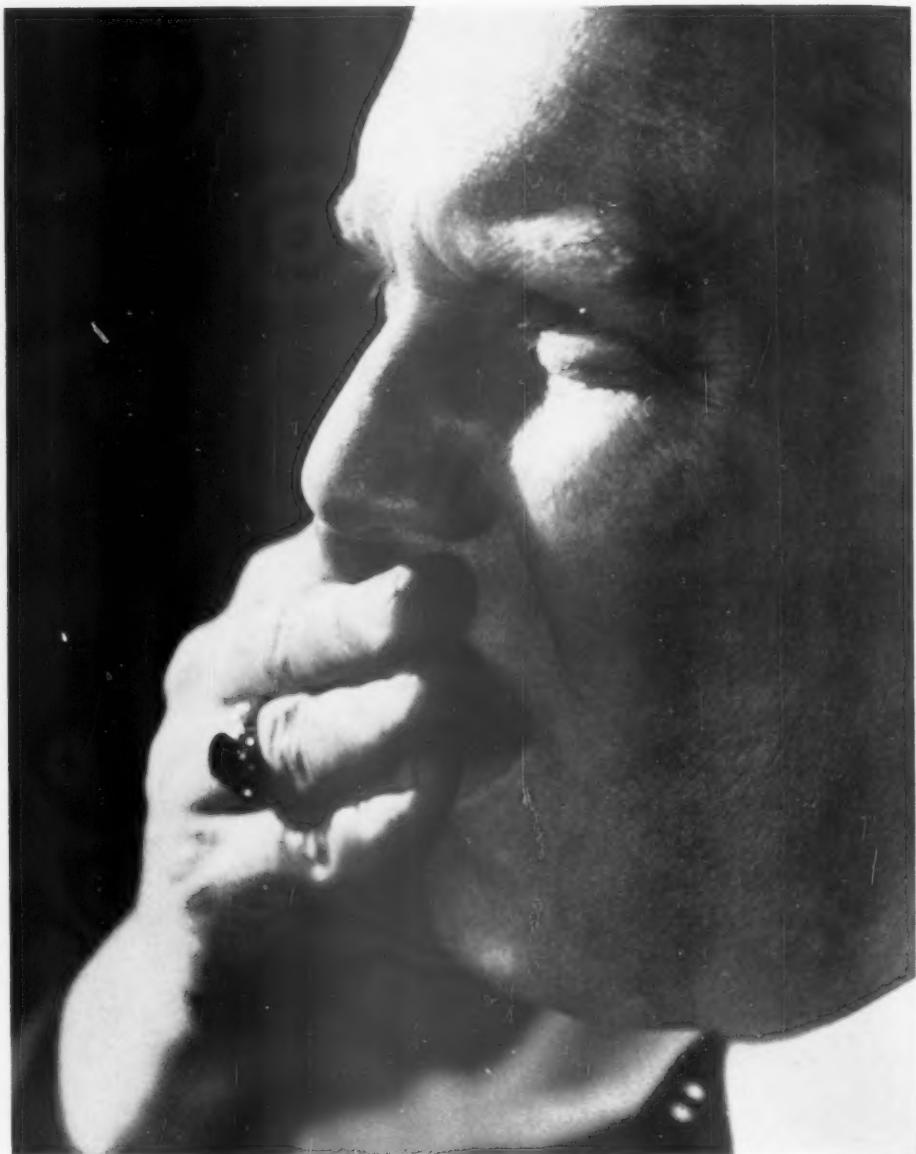
A NATIONAL PUBLICATION DEVOTED TO
PURCHASING AS AN EXECUTIVE FUNCTION
IN CORPORATION MANAGEMENT



Volume II

FEBRUARY 1934

Number 2



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STEEL - SERVICE

The Executive PURCHASER

(Not the Official Organ of any Association)

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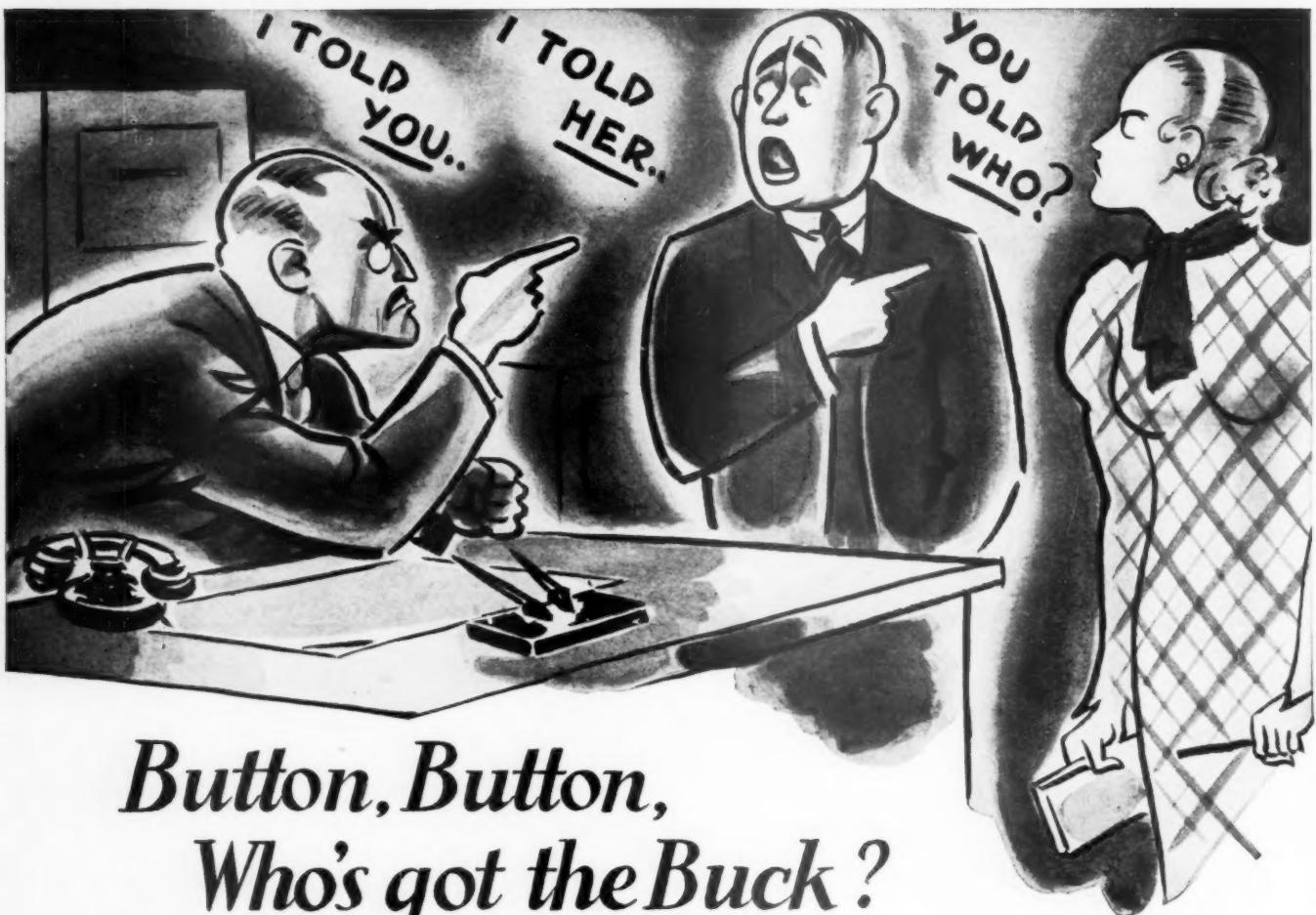
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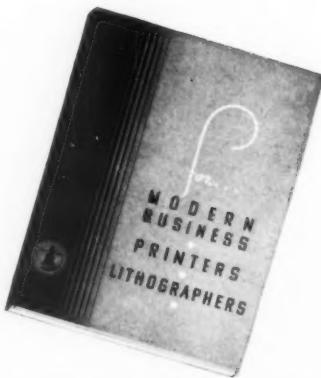
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BLUE EAGLE FEATHERS

A keen analysis of NRA and its significance to all of us

by STUART F. HEINRITZ

SOME cherished old American traditions are going into the discard under code regime. Today's self-made captain of industry likes to tell how he got his start working 18 hours a day for a weekly wage of three dollars; but we are depriving tomorrow's leader of that privilege by forcing him to begin at 13 dollars for 40 hours of work per week. Many shopping housewives, according to their own reports in the family councils, have never bought anything except for far less than its actual cost; and now that's ruled out too.

The moral, if any, is that the codes are not being written by sentimentalists.

In the light of that fact, plus the accepted principle that these new laws are of the industry, for the industry, and by the industry, the question of which social group is to be the chief beneficiary of the code system becomes rather rhetorical in nature. The answer need hardly be stated. But let us go back for a moment to the basic philosophy that underlies the Recovery Act and administration.

PURPOSE

The authors of this Act visioned the recovery process as an ascending spiral. For the worker: re-employment, a higher wage level, more spending power and the leisure in which to use it. For industry: revived demand, better prices, the restoration of profit and service incentives in place of the bitter competitive struggle for existence. Each of these was expected to give a fresh and natural impulse to the other, this mutual effect to support and eventually to supplant the artificial stimulus originally applied

by governmental action. The progressive improvement would be shared by all. If the machinery could be kept in reasonable balance, the program was, and is, logical.

It is comparatively easy, in retrospect, to pick out the factors, flaws and fallacies that have kept the plan from achieving complete success. Economic generalizations, it now appears, can only be formulated *post facto*. The best laid plans of blue eagles and brain trusters "gang aft agley." Consequently it has been necessary to make several fresh starts, with successive modifications of the original

plan, more or less fundamental, as experience dictated. We therefore turn from philosophy to history.

STAGES

A student of inebriation once classified his subject into four stages: verbose, lachrymose, belligerent, and comatose. NRA also has had its four stages. There may be more to come, but these we may definitely name. For convenience we may characterize them as inspiration, determination, organization, and evaluation.

The first stage commenced with the passage of the Act on June 16,



CHAIRMAN RUMSEY
of the Consumers Advisory Board



FIRST STAGE—
" . . . thousands marched jubilantly . . . to hail the new era."

1933, and reached its climax in the Blue Eagle parade in New York the following September, when thousands upon thousands of wage-earning men and women marched jubilantly up Fifth avenue to hail the new era. Faith and optimism were the keynotes of that period; the watchword—speed, that no mere incomplete detail might impede the forward urge. The midnight electricity blazed brightly in the Commerce building and the Blue Eagle beat his wings in sheer exuberance.

But about that time it became apparent to the statisticians, who are trained to analyze the cold facts without emotional bias, that some of the expected results were failing to materialize and that the essential balance between added purchasing power and higher costs was lacking. Psychologically, the buoyant exhilaration of the staff at Washington gave way to a grim resolve that the program must not be permitted to stall. The CWA was formed to provide the employment and buying power that NRA had not been able to generate. The Eagle whetted his beak and talons, and General

Johnson sallied forth to carry the fight directly to the nation at large in a series of mass meetings throughout the Middle West and South.

JOHNSON

That speaking trip marked the next major turning point in NRA policy. The General, as always, did a characteristically effective job. His messages and the impress of his personality had a profound effect on public sentiment. He was able to deliver a new and important group of codes to the President at Warm Springs, Georgia, for signature and approval. But it was evident on his return to Washington in December that the trip had been mutually educational. The offices of the administration became less the source of light and more the point of focus. Codes were viewed as industry's charters of self-government.

This change of attitude was accompanied by some misgivings. On the one hand were those who feared that such a policy would build up a powerful but fumbling and unwieldy bureaucracy; on the other hand were those who contended on

the basis of past experience that industry is inherently incapable of governing itself. Nevertheless that new attitude has prevailed and at the moment it is the theory upon which the new business structure is being reared.

ANALYSIS

The fourth phase, of critical evaluation, may be said to date from the price change hearings of mid-January, when for the first time in a public and organized manner, hopes and facts were arrayed side by side. There had, of course, been a rather continuous process of stock-taking throughout the entire period of the Act, but there had not been enough time for the experiment to prove itself one way or another.

Now, after six months of code operation, and with increasing pressure of complaints from dissatisfied minorities within industrial groups and from consumer interests, it was felt that sufficient data was available for a real study of the effect of the codes in their various social ramifications.

The picture has changed considerably in the past month. A large number of modification hearings have appeared on the calendar, concerning the addition of new "Trade Practices" and the revision of certain clauses which haven't worked out according to plan.

STAGE NO. 2—
" . . . Johnson sallied forth . . . "



CHANGES

A few of the earlier codes, including one of the "Big Four" are being completely reopened. The popular but much abused provision in the open price plan, which requires an interval of several days between the filing of price revisions and their effective date, has been suspended for 60 days. There is some indication that the theory of cost recovery in selling prices will be revised, possibly strengthened. A tendency has appeared to approve some of the more controversial and experimental code provisions on the basis of a trial period under close observation. A joint meeting of all code committees has been scheduled for March 5, presumably to restate the purposes of the program, to clarify and standardize certain principles of code administration, and possibly to bring some of the divergent conditions now existing closer to a basis of parity in the code group as a whole. After all, a body of national law should be consistent in its major aspects.

What policy trend will develop out of all this activity, to influence the formulation of codes in the ensuing period, is wholly a matter of conjecture. To hazard a prediction, in which perhaps the hope is father to the thought, it will be in the direction of a greater concern for the public interest.

STAGE NO. 3— Less light—more focus



FOURTH STAGE—
". . . a real study of the effect of the codes . . ."

BASIS

One basic principle that has been consistently observed in working out the recovery program is that a living wage, sufficient to maintain a reasonably high standard of living, has priority over other types of reward in the economic scheme. This is to be the broad basis of renewed demand and ultimate buying power.

By and large, industry has accepted this principle without too great reluctance, being assured that the increased costs incurred in this way could and would be passed along to the buyer in the progressive spiral scheme outlined above. The Consumers' board, too, as part of the general plan, has accepted this premise.

The danger in this situation, recognized from the start, is that the two rates of advance might be disproportionate, with the result that the spread between buying power and prices might become wider rather than narrower. An executive suggestion was made quite early in the course of the code

work, that the following clause be inserted:

"Price Increases. Whereas the policy of the Act to increase real purchasing power will be made more difficult of consummation if prices of goods and services increase as rapidly as wages, it is recognized that price increases except such as may be required to meet individual cost should be delayed, but when made such increases should, so far as possible, be limited to actual additional increase in the seller's costs."

WINDOW DRESSING

It is merely a statement of principle, reaffirming the purposes of the Act, and with only psychological effect. Yet you may search for it in vain in the great majority of the approved codes. Other types of "window dressing" have been freely utilized; some of the most viciously restrictive paragraphs are blandly prefaced by the clause, "In order to prevent discrimination," or some similar words. But for the most part industry has declined to yield, even by implication, any part

Continued on page 21

EDITORIAL

1 8 9 4



COURTESY and thoughtfulness of the other fellow is a successful man's greatest asset — be he purchasing agent or board chairman. During the past few weeks the Publisher has had occasion to talk personally with several prominent officials of the National Association of Purchasing Agents. And he found the secret, if it may be classed as a secret, for their natural leadership.

Frederick G. Space, Purchasing Agent, Seymour Manufacturing Co., Seymour, Conn., in a recent issue of **THE EXECUTIVE PURCHASER** said, "(our)

shadow is reflected by all of us so long as we are privileged to pursue our tasks in the broad light of day and in fellowship with others. Will our shadow throughout the lengthening years reflect character and growth and attainment? Will it leave our impress on those with whom we work and with whom we deal that will lift us and our profession before the critical eyes of the business world?"

Purchasing Agents of this character, though they may not realize it, are their companies' best salesmen as well as an inspiring influence in their Association.

1 9 3 4



A PAIR of WINGS

Presenting the newest member of the profession: The Purchaser for Aeronautics

IN view of the present keen public interest in the carriers of our air mail the Editors believe that this article, describing in detail the purchasing and manufacturing policies of the Boeing Airplane Co., Seattle, one of the country's foremost builders of planes for mail and passenger as well as military service, is particularly timely.

INTRODUCING — a new type of purchasing agent.

Seated at his desk, he pulls the strings which bring everything from thread to giant motors from the far corners of the country, to go into the making of new wings for both the military services and the commercial airways. Through his hands pass thousands of yards of sheet metal; miles of tubing. Although primarily a buyer, he deals with a bit of engineering, a considerable amount of traffic work and a smattering of production activity.

To give him his title, he is the aircraft purchasing agent, entirely different from purchasing agents in any other branch of industry.

At the plant of the Boeing Airplane Co. in Seattle this year, 75 new-type, high-speed transport planes have been under construction for the commercial airways. Sixty already have been delivered to United Air Lines for service on its coast-to-coast, Pacific coast and other routes. Fifteen more are in production for the general market.

TRANSPORTS
130,000 parts, exclusive of rivets



PHIL MARSH, P. A.

SCOPE

Considering the fact that there are approximately 130,000 parts, exclusive of rivets, in each of the big 10-passenger and cargo planes and that 24,000 of these parts are entirely different, the size of the job in purchasing materials for the project is apparent. Not only that, but Phil Marsh, purchasing agent for the Boeing company, and his staff have been busy at the same time with materials for the latest of the company's military models.

Requisitioning for material is only a small part of the aircraft purchasing agent's duties. Placed in charge of all material control, with the exception of actual storage and inspection, he is occupied with a project from the time the design is perfected until it is along into production. Under the present system used by the Boeing company, the purchasing department's functions incorporate, among other things, the estimating and tabulating of material requirements, on the theory that the buyer is able to accomplish a better job of purchasing if he has complete information as to the prospective uses and need for material.

EFFICIENCY

All material control functions of the Boeing company are handled with one set of records, thus providing greater flexibility and greater control of inventory than was possible under previous systems. Lost motion is eliminated and considerable working time which would be involved in handling transactions through several departments is saved. At the same time, the number of employees involved in each transaction has been reduced to a minimum, thereby lessening the possibility of accumulated error and definitely placing responsibility.

The control records show, among other things, the amount of material required for each part, the number of parts required per airplane and per contract, the amount of material ordered, the amount held in stock, the cost, when and if material has been received, whether material has passed inspection and when and if material has been withdrawn from the stockroom for fabrication.

PROCEDURE

The purchasing department swings into action on a project upon receiving engineering releases in the form of blueprints and part cards showing the quantity and dis-

tribution of parts required. A part card is furnished for each part on each drawing and upon these the purchasing department's estimators post the amount and description of material required to manufacture each particular part.

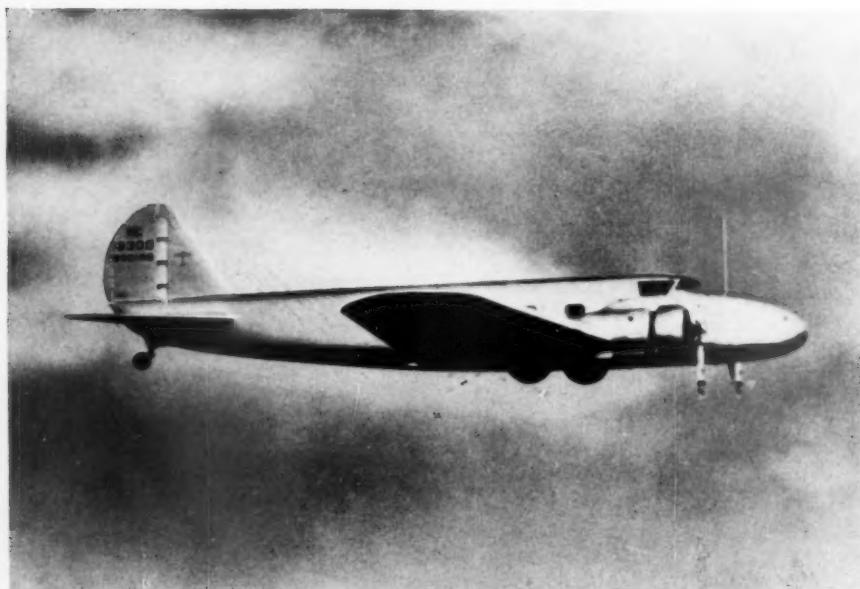
After a careful check the material information from the part card is posted on what is known as a material card—actually a master form showing the use and amount of any one item of material required on a particular project. As requirements accumulate on the control card stock on hand is allocated to the project. If sufficient stock is not available a purchase order is issued to obtain the necessary total.

As the Boeing plant is located at extreme distances from major sources of supply—probably on an average of 2,500 miles—a close check must be kept on shipments from the time they are ordered. In the case of urgent requirements the department arranges for special pick up and priority handling through the company receiving store and receiving inspection branch.

CHECKS

Upon arrival at the aircraft factory material goes to a receiving room where receiving clerks check

COMMERCIAL
for you and me and Uncle Sam's mail



the amount and type against the invoice and against the purchase order, write up receiving reports and write stock release slips and bin cards. The material then is checked against the specifications by receiving inspectors who requisition for physical and chemical tests on structural materials and who direct the painting of material for identification as to specifications.

No color-blind man may work in the Boeing plant. A color identification card is used for all standard materials with each grade being given a different color as a guide for shop workers. For instance, there are five main grades of steel sheet, two main grades of steel tubing and five main grades of aluminum and aluminum alloy tubing. Each is given a separate color.

Material is held in bond until the primary inspection has been completed and it has been found to conform to specifications. It then goes to a giant storeroom which normally contains about 10,000 items, worth approximately \$250,000. A card system is used in keeping a permanent record of material on hand.

EQUIPMENT

Included in the storeroom equipment are parts bins for bolts, nuts, screws and similar small parts, racks for aluminum tubing and bar stock, bins for all tubing other than that of aluminum alloy, as well as for steel sheet, plywood, rolled channels, etc., and racks for aluminum and aluminum alloy sheet.

Probably unique is the system whereby the Boeing company purchasing department writes all material requisitions for the shops except those for shop equipment and process materials such as cutting oil, solder, lubricants, tools, etc. By this procedure material is withdrawn from the stockroom on the same basis purchases are made—a system found more satisfactory and efficient than that which permits shop men to write their own requisitions.

The production departments send shop orders direct to the purchasing department which checks to determine if material is available in the required amount. If it is not, the order is returned to the production department with a form showing the estimated arrival date of the needed stock. Shop foremen and workmen thus are saved the time and labor of preparing to work on certain parts when the required material is not on hand.

TIMELINESS

Not the least of the aircraft purchasing agent's problems is that having to do with obsolescence. The rapid strides being made in aircraft design and construction make it impossible to order quantities of material in advance of actual design. Materials much in favor today may be entirely out of the picture tomorrow and whole specifications may be rewritten within a period of six months.

At the same time, the buyer is faced with the problems of somewhat limited production, the comparatively high cost of stock and the difficulty of readily obtaining materials required. Because of cost and inaccessibility factors, close supervision is of vital importance from the time requirements are known until they are filled. Price and accessibility are secondary considerations as far as the aircraft purchasing agent is concerned. Foremost comes reliability, with definite government and company specifications to be met.

Smooth functioning of the Boeing company's purchasing department was no small factor in making it possible to deliver United Air Lines' sixty transports between the dates of April 1 and Sept. 1 of last year. Materials moved in as steadily as planes moved out.

PRODUCT

These Wasp-powered carriers, now in regular service, have reduced coast-to-coast travel time to 20 hours; border to border time to



MILITARY
for the air forces of the army and navy

a little over nine hours. They streak from San Francisco to Chicago in 14½ hours, from Chicago to New York in 4½ hours, and from Seattle to San Diego in 9½ hours. With their factors of speed, strength and comfort they are writing a new chapter in the country's history of transportation and communication.

In the military line, too, the Boeing company has been gaining added prestige. Seven of its new all-metal, low-wing, twin-engined bombers now are in the service of the Army Air Corps; large num-

bers of its single-seater, Wasp-powered fighters are in regular operation at Navy and Marine bases, as well as on and off Uncle Sam's big aircraft carriers; a fleet of new-type, all-metal, low-wing, Wasp-powered pursuits now are in production for the Army Air Corps.

Very much in evidence in the handling of all these projects—transforming metal into planes and getting those planes into the sky—is the aircraft purchasing agent, as new in his line as the products for which he buys.

Omaha Returns

AFTER a lapse of fifteen years the city of Omaha, Neb., has again turned to the central agency purchasing plan. The cause of this was a pre-election promise given the voters by the successful candidates for city council. In the years gone by Omaha had tried out the central purchasing agent plan but owing to political influence it did not work any too well.

F. S. Welty, formerly purchasing agent for the Omaha & Council Bluffs Street Railway Co., has been appointed to the position, assigned rooms in city hall and one stenographer. The annual appro-

priation for the department was limited to \$4200—\$3000 for the agent and the balance for his office helper.

Mr. Welty has been active for about a month and the end of that time showed an actual saving equal to the expense of the office. As time passes he expects to be able to show much greater savings.

The city budget for 1934 is less than for 1933. In round figures it is \$2,046,000, about \$90,000 above the income of last year. However, it is anticipated better tax collections will offset the difference.

REPEAL SIDELIGHTS

Liquor as an industry, and some of its far-reaching effects

by VIOLET SHORT SHINN

THE recently re-established liquor business in the United States is a billion dollar industry. Its activities in December, 1933, the first month of its existence, circled the globe and brought into the treasury of the United States approximately \$6,273,000 in revenue.

The time has passed for discussions on whether or not the 18th Amendment should have been repealed. Arguments on that subject are as futile and as out-of-date as yesterday morning's coffee grounds. Many and varied are the industries which are being, and will be, affected either directly or indirectly by the operations of this new-old industry. Liquor as an industry is of too great significance nationally and internationally to be ignored in any account of the present

day business set-up. The control, plans, and workings of this industry will exert definite influence on market and business trends of the future.

NEWCOMER

To purchasing agents the re-establishment of this industry will bring about many changes. It will bring into the P. A. groups a new type of buyer. There will be the "trade buyer" as the industry calls him, who will purchase liquors in wholesale quantities for his firm. There will be the buyer of brewery equipment and brewery supplies. Hotel and restaurant buyers will have new items on their shopping lists — glasses, buckets, coolers and other containers which were once standard equipment for their business. Food habits will change with drinking habits. Different kinds of

QUOTAS
have been set for foreign countries — part of Scotland's



NEW-BORN GLASSWARE

food and different amounts will be in demand when drinks are served with meals.

And last, but by no means least, the requirements of the liquor industry will change certain sources of supply. An example:

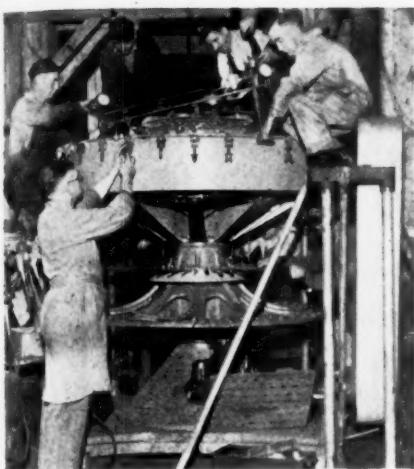
Last summer a certain refrigerator company had been presenting its customers with glass food containers. When the supply was exhausted an order was sent in for more. In the past the response to such orders had been almost by return mail. But due to the demand for bottles and glasses which came as a result of the new-born 3.2 beer business, it was several months and a number of irate housewives later before a new supply of these containers could be secured.

DIVISIONS

There are two general divisions of the liquor business. The Distilled Spirits group includes brandy, whiskey, rum, gin, cordials and liqueurs. In the other division are the wines and beers, both so closely allied to the Distilled Spirits industry that they share each other's development. The term "liquor" as used here includes wine, beer, and distilled spirits.

To start with the very beginnings—the makings—of the liquor business, let's look at the farm products required in the making of the estimated domestic production of 115,000,000 gallons a year.

The industry will use hops, rye, barley and corn. Peaches, apples,



BEER MACHINERY

apricots, and various berries will go into the making of brandies and cordials. Prunes will be in demand for coloring and flavoring. Molasses and sugar, from sugar cane and beets, will be the basis of rum. Juniper berries are necessary for gin.

No one has to be told that the grape industry of the United States will come into its own with the return of legal wine. And even the rice growers may find their product in demand. The Japanese beverage, sake, made from rice, is said to be very tasty, as is the Chinese drink, shemshu, which is distilled from crushed rice. An American version of these two oriental favorites may be worked out.

SUPPLIERS

In equipment, there will be more business for the cooperage and metal barrel industry; also the demand for bottles will increase considerably. Labels will consume tons of paper. The metal industries, particularly copper, will feel the change all the way from miner to manufacturer. A demand for cork, to be used in stoppers and bottle caps, is inevitable.

From the above, it can be seen that the demands of the liquor business for raw materials are the same as ever. But something decidedly new has come into the picture. This is the government and self-control system under which the Distilled Spirits industry now operates.

The industry did not come back into the picture, after its 14-year absence, in any haphazard manner. It was reborn in an era of government supervised business. Before it was legal to buy or sell a drink, the Distilled Spirits industry had worked up its code of fair competition which was signed by the President Nov. 23, 1933.

The purpose of this code was two-fold. Congress had not at that time had the opportunity to legislate on liquor control following repeal. This code was therefore designed to regulate and to hold the industry in check until adequate laws could be passed. The other object of the code was to rule out certain practices and to establish a definite list of "Shall Nots," most of which are intended to guide the industry from now on.

MARKETING

According to the code, liquor advertising must be true both in word and in implication. It must say what it means, and vice versa. The bottle, keg, or whatnot must be as full as it says it is. Contents must

be identified correctly as to quality, and must conform to the Food and Drugs Act requirements.

Concerning the sale of distilled spirits no money or anything of substantial value may be given for the purpose of influencing persons to purchase a particular brand or from a particular person. Neither can there be any reward for refraining from purchasing from a certain individual or for not buying a certain brand.

Except for export, distilled spirits must not be shipped or delivered on consignment.

Section 5, of Article 5, of the code agreement declares against paying a trade buyer for a special advertising or distributing service unless (1) there is a written contract defining the service to be rendered and the payment to be received; (2) unless the payment is reasonable and not excessive for the service rendered; (3) unless such contract is separate and distinct from any sales price, and (4) unless a copy of each contract is filed with the Code Authority in Washington.

REBIRTH of California vineyards and wineries





TRANSPORTATION
receives a stimulant with legal liquor

Also no firm is allowed to require by contract or understanding that any trade buyer who is engaged in the sale of distilled spirits at retail for consumption on the premises handle or sell only the products of a certain member of the industry.

ENFORCEMENT

The code, by its terms, creates the means of enforcing its provisions by establishing the Federal Alcohol Control Administration, made up of five officers of the executive branch of the government designated by the President of the United States. To serve as go-between, representing the industry in its dealings with the control administration, is an officer selected by the industry and known as the Code Authority.

Each member of the industry is required to keep posted with the Code Authority in Washington a price list which sets forth the brands and types of distilled spirits offered for sale and the price at which each brand is to be sold. The terms of sale and the rates of discount must also be included in the price lists, which are available at all times to trade and consumer buyers.

FOREIGN

No general picture of this new-old industry is complete without taking into account the import business from foreign countries. The permits to import liquor from various countries are granted to individual importers in the United States through the Federal Alcohol Control Administration. These permits are granted every four months for the four-month period following.

The amount of liquor which each country may send into the United

States, however, is not fixed by the FACA. Definite quotas are fixed by a board composed of members of the department of agriculture and representatives from the treasury department, whose decisions are negotiated through the department of state. Ten countries have definite quotas now fixed for them. These amounts were determined for the four-month period by taking an average of the imports from these countries over four-month periods between 1910 and 1914.

During the first month after legal liquor, however, importations came into the United States from 66 foreign countries. The amount each country was allowed to bring in was determined by the aforementioned board on the basis of how much of our farm products each country was using and the amount of revenue such importations would bring into the treasury.

RECIPROCITY

To keep down exorbitant prices, which would have resulted if the supply had run short in December, and to guard against liquor of inferior quality being put on the market in order to meet the great demand, many reciprocal agreements have been negotiated with foreign countries. Certain countries were permitted to bring into the United States certain amounts

Continued on page 28

BREWERY
horses receive a welcome in New York



SEARCHING FOR FACTS

Surviving the economy ax, Uncle Sam's Bureau of Standards continues its quests for quality

by WALDON FAWCETT

ONE of the gravest results of the wave of administrative economy that struck the government with the New Deal was the threat to the continuance of Uncle Sam's technical and scientific investigations. In the first hurrah last year for balanceing the federal budget experimental work by the various departments was cut to the bone. Any number of field and laboratory projects were suspended or cancelled. The quests for information that continued were chopped and curtailed to fit the pinched funds. All of which had a sad effect upon the morale of the fact-hunters that were continued on the job.

Now, as unexpectedly as it came, this bad half hour has pretty well passed. Government Research Work, to give it the all-covering title, is not yet wholly back to normal. Certain try-outs of new processes of manufacture and some analyses of commodities may never be resumed. But, by and large, the present administration has stayed its hand, brought to a realization of the practical importance, in season and out, of systematic research as a tonic to business. All of which is good news for purchasing executives who can learn by the other fellow's experience. Incidentally, Uncle Sam's willingness to carry on in quest of material and fabrication secrets is a boon, now that large shortage of funds has cramped the research style of many trade associations.

CASES

With the wheels of governmental research again turning at almost normal speed it may be worth

while to examine some of the current investigations. Of the major projects in federal research the alert commercial or industrial purchasing agent is pretty certain to hear, via his own channels. But, tucked away in the big program, and consequently all but unnoticed, are a goodly number of minor undertakings, each of which packs its practical tips for certain groups in the purchasing clan, if not for all. On top of which, is the added circumstance that, what with Uncle Sam purchasing on a larger scale for his own public works and civil works programs, etc., there's bigger news in what the federal checkers do by way of verifying specifications for quality.

One of the current moves that will be hailed by purchasers is the fixing of international standards of candlepower for commercial types of electric lamps. The United

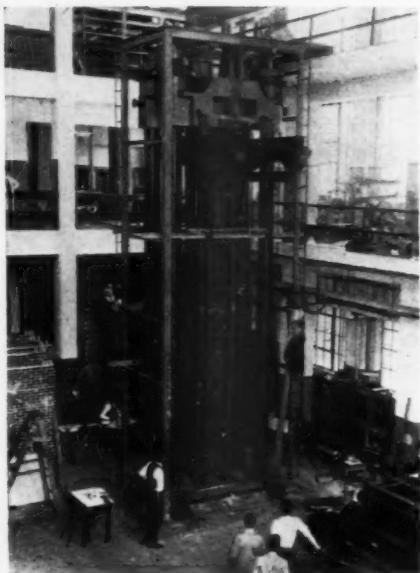
States is in on this in cooperation with France, Germany and Great Britain; but with Uncle Sam giving the cue. That is to say our bureau of standards has conducted measurements that have yielded "visibility factors" accepted by the International Commission on Illumination. Color filters to do the trick of standardization have been adopted. Each of the four countries has one for use at its national laboratory.

BATTERIES

Every buyer who ever has on his shopping list storage batteries of any kind has a stake in a research stunt now well advanced at the standards bureau. Uncle Sam has set himself the task of finding out all the secrets of deterioration. Especially the operating characteristics of storage batteries under severe climatic conditions, of which

PROVING GROUNDS
The Bureau of Standards in Washington





COLUMN-CRUSHER
breaks down steel girders

we have had such a dose this winter. Going to the heart of the battery proposition, the government experts are studying the mechanical, electrical and chemical properties of storage battery separators. The fact-hunters want to find out, for example, which kind of wood, treated or untreated, is best for separators. To the same end of getting the low-down on battery life, the wizards at the big bureau are making a complete study of the insulating properties of rubber.

"Prevention of underground corrosion" sounds deeply technical. Put into practical terms it has a kick for every purchasing executive who outfits pipe lines, underground conduits, etc. Coating line pipe to balk the forces of destruction is old stuff. But it has not been altogether satisfactory. The government has now set about finding the causes of the failures and making up a comparative table that will show the buyer the relative resistance of the different kinds of coatings with which buried pipes may be armored.

The electrical section of the bureau has, within the year, developed a magnetic balance for the inspection of austenitic steel. Also it has discovered a way to discover defects in materials such as hollow

steel airplane propellers by employing what is known as the "Magna-flux" method.

THREADING

How true it is that the most alert purchasing executive is seldom getting all he thinks he is getting, is proven by the screw thread survey. This inquiry has just been completed by the department of commerce in cooperation with the American Society of Mechanical Engineers. It was discovered that only about 60 per cent of threaded product is made to American National specifications. And a little less than one-half of the product is within the specifications of the class of fit intended. Furthermore, about 55 per cent of screws and bolts are smaller at the minor diameter than the minimum $1\frac{1}{8}$ -inch flat, thus causing an unnecessary reduction in tensile strength. Finally, to complete the scandal, about 75 per cent of the nuts have a half-angle of the thread larger than that which will consume one-half of the pitch diameter tolerance.

As becomes an official snooper for facts who aims to keep a jump ahead of commercial progress, the standards bureau is already busy on blended fuels for automotive engines. The plot is to mix alcohol with motor gasoline. Accordingly, the federal scouts have been making actual road tests, using the same gasolines with and without the addition of absolute alcohol. Meanwhile, the sleuths have ascertained the effect of added alcohol on the "knock rating" of gasolines.

LUBRICANTS

Commissary men who have fleets of trucks to feed may welcome the news that the bureau, with the help of the automotive and petroleum industries, is undertaking to discover just what qualities lubricants must have to lubricate gears under heavy load satisfactorily. All the way through, you see, this high brow work at the technical clearing house is designed to take the waste out of purchasing.

If an industrial purchasing agent is puzzled as to the properties or

OFFICIAL INCENDIARISTS
set fire to this building to test its materials



performance of any commercial article, the chances are he may obtain, confidentially, inside information at research headquarters at Washington. The bureau of standards does no end of testing that is not reported in detail in any of its publications. Take two cases in point right now. During the past year the bureau has investigated a large number of items of fire-extinguishing equipment. Giving attention to fire extinguishers for use on vessels as well as in buildings.

In the same quiet way the bureau has been doing its bit to run down building materials that will reduce the amount of noise in offices and factories. Within the span of a few months more than 50 different samples of sound-absorbing materials have been subjected to tests. To help gauge the acoustic properties of wall boards and all sorts of buffers and interior finishes, the specialists have constructed apparatus that enables them to study and measure the transmitted vibrations arising from machinery in

operation. Fitting in with the investigation just mentioned is a hunt for more facts with respect to floor coverings. As a by-product of this last we have the new specification for asphalt tile and the new formula for asphalt cement for use in laying flooring.

TEXTILES

At first glance the big program at Washington destined to uncover the whole inner truth about textiles might appear to be of more moment to ultimate consumers of wearing apparel than to mass purchasers for industry. But just to prove that even this project has its contacts, let us instance the new "key" to the identification of textile fibers which includes both brushes and cordage.

The life expectancy of waterproof fabrics is another quest which may put a bee in the purchasing agent's bonnet. And last but by no means least in this muster are two new instruments developed at the bureau of standards to evaluate the "handle" and "feel" of tex-



RAIL-SMASHER
tests strength of joint-welds

tiles. Thanks to these two new-fangled meters a buyer may determine more accurately than ever before the stiffness and creasability of a fabric, as well as its springiness and compressibility.

The research work that scientific Washington puts across in the field of metallurgy has an unsuspected meaning for purchasing agents who have occasion to buy either metals or machine tools, or both. Take, as a case in point, the continuing investigation of the machinability of metals. The latest phase of that probe has dealt with the cutting of steel forgings by means of lathe tools. And the technical inventory took into account the size, form and composition of the tools and the speed, feed and depth of the cuts.

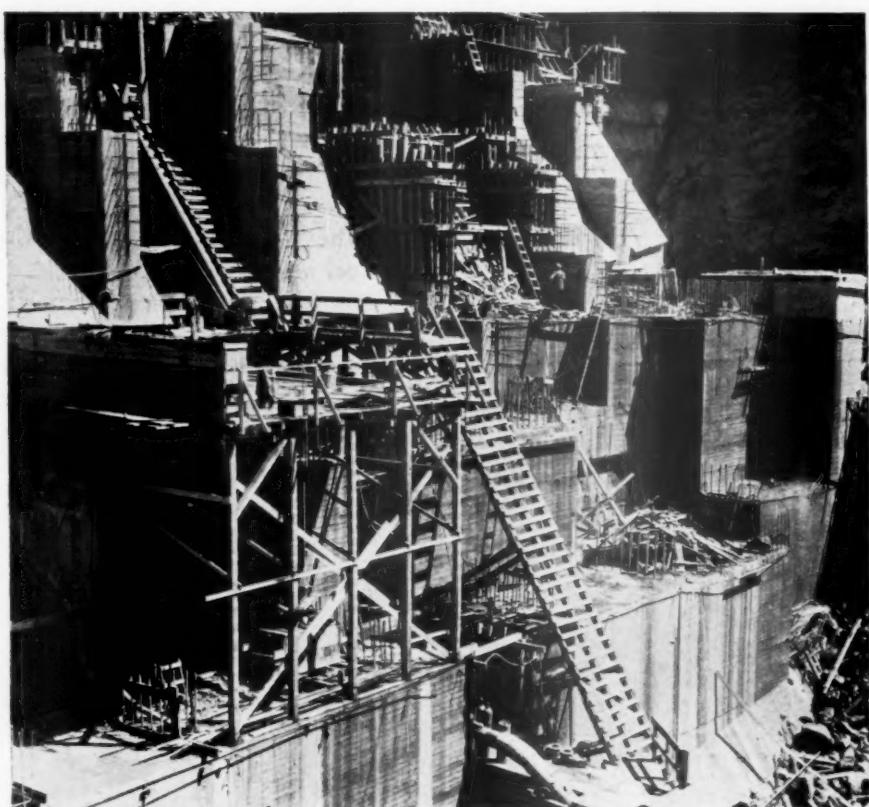
So, too, the purchasing agent who has his ear to the ground ought to be able to extract little meanings all his own from the current research which aims to discover the rate of metal-to-metal wear of different grades of steel.

ALLOYS

Yet again, take the tip that Uncle Sam will soon be ready to announce the results of "fatigue" tests covering a large number of light aluminum and magnesium alloys. Considering that this has been called the Age of Alloys there is nothing

Continued on page 24

BOULDER DAM'S
concrete is proven at branch experimental station



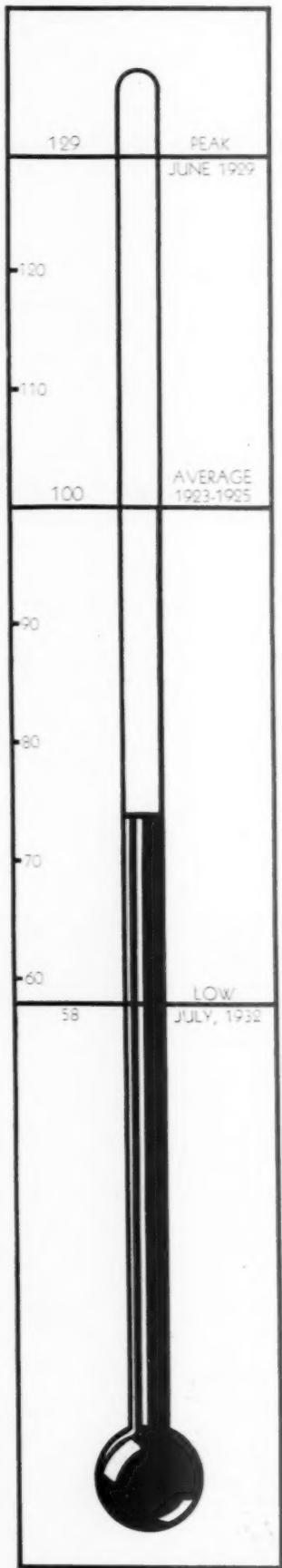
Pulse of Business

DOLLAR devaluation, forecast for some time by the trend of monetary events in this country, became a reality on Feb. 1, but the fact appeared to have been discounted quite generally. Stock prices moved upward at a moderate rate for a few days and touched the highest point in three years, but the gain was not long-continued, judging by the average closing prices of representative issues.

Commodity prices also advanced, but the index of the Bureau of Labor has risen at a moderate rate for six consecutive weeks. Individual changes were not particularly sharp in early February but most of the gain was in farm prices. Compared with a year ago, wholesale prices of 784 commodities were up 21½ per cent.

While the devaluation was not reported as being final, the new law still permitting a further reduction of about nine cents, or 15 per cent, the 59.06-cent dollar apparently was regarded as one whose value was not expected to be changed in the *near* future. The best indication of this feeling of stabilization was found in the bond market. Trading in bonds on the New York Stock Exchange in the first week of February exceeded in volume any weekly period since 1922 and prices were up sharply. Fear of further devaluation generally causes equity values to decline. Reports of a large return flow of gold to this country from Europe following the revaluation announcement also further substantiated this contention.

So far as trade and industry are concerned, it appears that improvement occurred generally in January, but in some sections the progress was uneven and spotty. Retail sales in department stores throughout the country were 18 per cent ahead of January, 1933, partly a result of higher prices. In districts where considerable CWA activity is apparent the dollar sales showed a much larger increase. The appropriation of \$950,000,000 for continuance of this form of relief augurs well for the nondurable goods industries in the immediately ensuing months.



INDUSTRIAL
PRODUCTION

Although the volume of building contracts awarded in January was more than twice as great as a year previous, due almost entirely to the allocation of federal funds to public work projects, the total was 12 per cent smaller than in December. Actual operations on these new works have been deferred in many cases so that the effect on the building supply industry has not yet been marked and output of cement, brick and tile continues at low levels. Lumber orders have improved recently.

The automobile industry in January continued to have difficulty with the new models. Output, at approximately 150,000 units, was up more than seasonally from December, but exceeded January, 1933, by only 20,000 cars. In early February weekly output was up sharply and was at a rate more in keeping with the reports of retail demand. The month's production was forecast at 260,000 cars, the highest for that period since 1930.

Steel ingot production in January failed to show the seasonal increase from the preceding month, but in early February output was stepped up to 39 per cent of capacity, about double the rate in early 1933, with further advances indicated. Awarding of the largest railroad steel orders in several years, together with greater automobile and general manufacturing demand, were chiefly responsible for the increase.

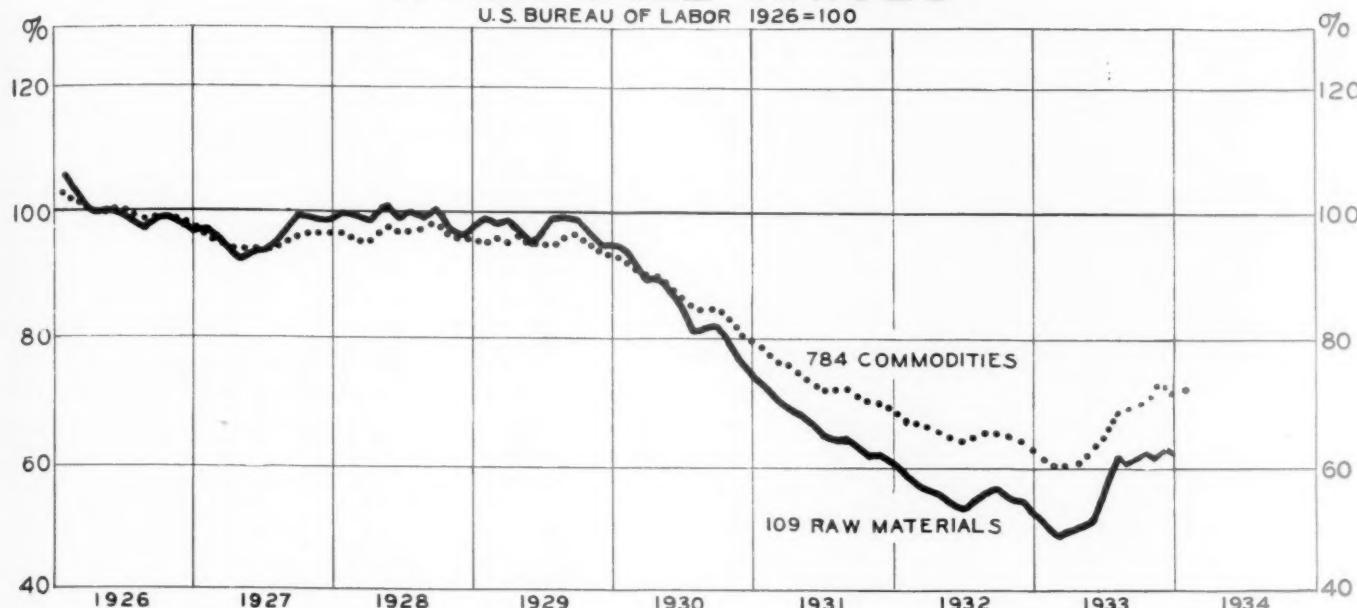
Textile mill operations were substantially advanced in January and the price of raw cotton rose in February to the highest level since early 1930.

With the exception of the automobile industry, the increased activity represents chiefly the expenditure of public funds which of necessity can only be temporary. As the time approaches when distribution of these funds stops, as it must, the trade and industrial situation at that time will depend on whether enough adjustments have been made to permit the normal financing of production and the exchange of goods. Revaluation of gold provides the basis for a credit expansion the like of which has never been utilized in this country, but financing is still retarded by many factors.

Commodities

WHOLESALE PRICES

U.S. BUREAU OF LABOR 1926=100



STEEL

A sharp rise in steel production occurred in the first half of February as increased automobile and general manufacturing requirements were augmented by the placing of railroad steel orders. Operations were close to 40 per cent of capacity. Higher prices are indicated by the advances in scrap prices and in the activity in the raw material markets.

RUBBER

Prices of rubber continue to reflect the changes in the possibilities of restriction which are clothed with mystery. Spot prices on smoked sheets advanced to 10½ cents a pound in early February, the highest since 1930. Tire prices also were advanced and production was speeded up to meet seasonal demands.

COPPER

Prices of copper declined to 8 cents a pound in early February as possibilities of the industry adopting a code in the near future became more remote. In 1933 world copper consumption was up 16 per cent from 1932 and production was up 4 per cent in the same period. Foreign consumption in the year showed a proportionately greater increase than did domestic.

COAL

Increased industrial demand for coal was augmented by greater household consumption, a result of cold weather. January output was 32,935,000 tons, up sharply from December and also a year ago. Stocks of coal in hands of commercial consumers and retailers declined 4 per cent in the last quarter of 1933, but on Jan. 1 were 10 per cent above the abnormally low level of a year ago, when they were smallest since 1920. As a result of the code, consumers can now purchase coal at fixed prices as needed, consequently it is unnecessary to keep large reserves.

ZINC

Curtailed production caused zinc prices to advance to 4.40c a pound from 4.30c in early February, but buying was quiet. Increased business activity should be reflected in sales and prices of this metal if production control is maintained.

PAPER

Demand for paper showed marked improvement in the past month. Code approval has restored confidence to producers and a substantial increase in orders has been experienced. The box-board market is quite active and better grades of scrap paper are scarce. Prices remain unchanged.

PETROLEUM

Crude oil production in early February was slightly below the quota set for the industry, but was higher than a year ago. Industry reported being favorably disposed to the proposal to tax crude oil production a half-cent a gallon, the revenue to be used in defraying cost of code operation. It would also provide check on output.

LUMBER

New orders for lumber in late January and early February increased sharply and exceeded production and shipments. Output was nearly double that of a year ago. Prices on some grades have advanced. Increased construction activity, even though largely in public works, should soon be felt in this industry.

COTTON

Reports of progress on the bill limiting cotton ginnings to 9,000,000 bales in 1934 sent cotton prices to the highest level since last July. Spot prices advanced beyond 12 cents a pound, but offerings continue scarce. Activity at textile plants increased in early February, deliveries in the latest week being 20 per cent larger than in same period of 1933.



LEO T. PARKER

VALID SALE CONTRACTS

When is a contract binding?

by LEO T. PARKER
Attorney at Law

Under these latter circumstances the purchaser is entitled to imply that the present transaction shall be no different from past ones.

On the other hand, the law is well established that since the relation of principal and agent exists between an employer and his traveling salesman, the employer is responsible for the acts which the salesman commits within the scope of his authority. Moreover, a general authority to transact business may be conferred purposely or unintentionally on a salesman, under which circumstances the manufacturer is liable for contracts, promises or guarantees made by its salesman.

ACCEPTANCE

Various courts have held that neither party to a contract of sale is bound by its terms, unless it is shown conclusively that one party submitted a *definite* offer which the other party *unconditionally* accepted. In other words, a valid contract is not completed where one party makes an offer and the other party either fails to accept the offer, or accepts it conditionally.

On the other hand, any authorized employee may submit a valid proposal or accept an offer. If the offer or acceptance is made by an employee, it is valid and binding provided prior acts or promises of the owner of the business induced the other party to believe that the employee was properly authorized to transact the business.

NUMEROUS purchasers believe that a sales contract made with a salesman or representative of the seller always is valid.

However, contrary to the opinion of a majority of purchasers, a signed order given a traveling salesman by a purchaser, under ordinary circumstances is not binding, unless the seller either notified the buyer of acceptance of the order, or the order was given under special conditions and the seller began manufacturing the goods according to the specifications of the order.

Moreover, the courts have consistently held that a seller is not bound by the statements or guarantees or promises made by his traveling salesman, nor is the seller bound to ship an order in accordance with the verbal or written promises of the salesman, unless the seller has in some manner caused the buyer or his authorized employee to believe that the salesman is possessed of proper authority to make binding contracts of sale.

PRECEDENT

Sometimes, however, the trade custom between the purchaser and the seller is such that the buyer is entitled to rely upon the salesman's promises, because the salesman's employer has in past instances acknowledged responsibility for all acts of his salesman.

However, if the business is incorporated, the law is different. The manager of a department usually is a legal representative of the corporation and he may accept or make valid offers providing the contract form contains no stipulation to the contrary. If, however, the other party to an agreement is notified in any manner that only officers of the corporation may make valid contracts, then department managers cannot legally make or accept an offer. This law was upheld in *Ralston V Arthur*, 139 S. W. 366.

OFFICER

The facts of this case are that a representative of a corporation obtained a written order from a purchaser. The contract contained a provision that the contract would not be valid until it was accepted and acknowledged in writing by an officer of the corporation. The sales manager of the corporation acknowledged and accepted the order.

Later the buyer filed suit when the corporation failed to fulfill the contract. It is important to observe that the higher court held that a binding contract was not completed since the sales manager was not an officer of the corporation. This court said:

"Where the sales manager has no authority whatsoever in behalf of the company to enter into contracts of sale binding upon the company, or to waive any of the provisions of a contract of sale, a letter signed by him is insufficient

as a waiver by the company of the provision in the contract requiring acceptance by an officer of the company before the contract should become effective."

Where merchandise is "sold" and such sale is agreed to by both parties, there necessarily arises by implication an agreement by one of the parties to sell and an agreement by the other to buy. Therefore, this agreement on its face constitutes a valid bilateral contract between the parties, by the terms of which each party is obligated to perform his respective promise, the one to sell and the other to buy. Such a contract is, of course, a valid and enforceable obligation.

TERMS

A contract of this nature might, however, in addition to the promise by one party to sell and the other party to buy, contain other terms and stipulations which might nullify and render ineffective either the promise of one party to sell or the promise of the other to buy. Should this be the case, and, from the construction of the instrument as a whole, should it appear that either the buyer or the seller is relieved of his obligation, then the instrument would be void for lack of mutuality, and unenforceable. However, a contract is not void on the grounds that it contains a clause by which one of the contracting parties is relieved from liability if a specified contingency arises.

For instance, in *Slater v. Savannah*, 110 S. E. 759, it was disclosed that two persons entered into an agreement containing a clause which relieved the seller from liability if he failed to make the delivery as a result of labor difficulties, or any other cause beyond its control.

The seller sued the buyer for damages resulting from the latter's failure to accept delivery of the merchandise. The buyer attempted to avoid liability on the grounds that the contract was void because the seller was not *positively* obligated to deliver the merchandise.



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However, it is important to know that the higher court held the contract valid, holding the purchaser liable, saying:

RESPONSIBILITY

"Is the seller's obligation to sell nullified or destroyed by the clause of the instrument which relieves the seller from responsibility under it if shipment is prevented by war conditions, strikes, labor difficulties, etc., or any cause beyond the seller's control? These are all contingencies beyond the control of the seller. Neither do these provisions, when taken alone or in connection with the other provisions of the instrument, give to the seller any right, by the seller's own volition or act, to refuse to perform its obligations under the instrument. It is well settled that a subsisting obligation resting upon one of the parties to a contract may be relieved against by an after-rising contingency beyond his control. A provision to this effect does not nullify the party's obligation, and therefore could not affect the validity of the instrument or deprive it of its mutuality."

One of the fundamental rules of contracts is that each party must be bound to perform a certain act. Otherwise the contract is void and unenforceable. The salesman may bind his employer to perform the act either by having proper authority or if the employer accepts an agreement made by a salesman with a buyer.

MUTUALITY

So, therefore, an essential element of a valid contract is that both parties are mutually bound. As a matter of fact, a great majority of the litigations involving sales contracts are the result of the wording of the agreement being ambiguous whereby one of the parties believes that he is not legally bound.

Another important and well established law of contracts is that if any one of the parties thereto fails to keep his promise or agree-

ment, the other party is automatically released from fulfillment of the contract, and *in every instance* the party who acts in good faith has a legal right of action for damages for the breach, or he may sue and compel the defaulting party to perform the agreed acts.

In a recent case where this point of the law was decided, the court said:

ALTERNATIVE

"It is well settled, that where one party repudiates the contract and refuses longer to be bound by it, the injured party has an election to pursue either of the three following remedies: He may treat the contract broken and recover the amount of money equal to the value of the goods already delivered; or he may keep the contract alive for the benefit of both parties, being at all times himself ready and able to perform it, and at the end of the time he is justified in suing for its performance; or he may treat the repudiation as putting an end to the contract for all purposes of the performance and sue for profits he would have realized if he had not been prevented from performing."

It is important to know that the courts have consistently held that a purchaser is privileged to cancel a straight order given a salesman at any time up to the moment the seller sends acknowledgment of the order. In other words, an order given a salesman for merchandise is merely an offer on the part of the buyer and a valid contract of sale is not completed until the seller accepts this offer unless, of course, as previously explained, the contract is valid because in past transactions the employer has admitted authority of his salesman to make valid contracts.

DEPOSIT

In a leading case a purchaser ordered merchandise from a salesman. The purchaser's credit was not established and the salesman required a money deposit with the order. The buyer gave the sales-

man a check on deposit and both the salesman and the purchaser signed the contract of sale which specified the date when shipment should be made and distinctly stated that no cancellation would be accepted.

The salesman mailed the order immediately to his employer who failed to acknowledge it, and several days after the order was signed the purchaser decided that he did not want the goods. He wrote to the salesman's employer cancelling the order and requested that his deposit be returned. The latter refused to cancel the order or return the purchaser's deposit.

The buyer filed suit to recover the deposit, and the court promptly held the buyer entitled to cancel the order and recover the deposit.

In a leading case (41 So. 675) it was shown that a buyer gave an order to a salesman in September. The seller failed to acknowledge receipt of the order and about two months later the purchaser cancelled the order by letter. The seller refused the cancellation and sued for damages. However, the court held the buyer not liable, saying:

"It is plain that mere silence on the part of the plaintiff (seller), after receiving the order, without any act tending to show an acceptance, would not cut off the right of defendant (purchaser) to cancel the order."

ACCEPTANCE

Therefore, it is well established that a salesman's sole implied legal authority is to accept an order and send it to his employer for approval. If the seller is not satisfied with the offer submitted in the order, he may reject the proposal or refuse to deliver the merchandise without sending the buyer notification.

Various courts have held that an employer is charged with all notice or knowledge which the salesman obtains while acting within the scope of his authority.

Continued on page 23

EAGLE FEATHERS

Continued from page 5

of its privilege of passing along the added labor cost.

Now how does all this affect the consumer? First we must determine who is the consumer, and on that point the administration itself, and even the Consumers' board, has not yet been able to establish a clear position. The most accurate definition to date is that the consumer is the man who pays.

Take, for example, the theory that labor itself constitutes the consumer class. That is partly true, and labor, in the basic philosophy of the plan, is the first beneficiary. But the practical application of the scheme is this: the additional distribution of wages to labor becomes an element of cost, which is not only reflected in the ultimate price but is magnified and pyramided in the course of successive percentage mark-ups.

WAGES & PRICES

A single typical example will serve as an illustration. Additional costs in the manufacture of silverware, representing the increases in costs of material and labor, amount to approximately 15 per cent; but wholesale prices of silverware have shown two 20 per cent advances since the first of the year.

It follows then that in such cases, even in the purchase of its own handiwork or product, labor as a consumer is in a less advantageous position than before. And this does not take into consideration the fact that wage advances have been most marked in the lowest brackets, that the white collar employee is becoming perhaps more than ever before the frayed collar employee, that the increase in industry wage averages is lagging far behind the increase in wage minimums.

Labor is shifting its emphasis now from the problem of minimum wages to the problem of equitable adjustments all along the line.

Or take, for example, the theory



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that industry itself, in the successive stages of fabrication, represents the consumer class in regard to the product it acquires from other industries closer to the source of raw material. A similar situation prevails, except that this time it is material costs that are pyramided instead of labor costs.

ALTERNATIVES

It seems to me that, short of complete governmental control of the whole industrial process and the writing off of large amounts of capital investment, there are but two alternatives.

The first of these is a continuation and expansion of government subsidized purchasing power in the form of public works expenditures, and this is impractical as a continuing policy for the reason that sooner or later these sums must be forthcoming by additional taxes on industry or labor or both.

The second is a drastic reduction in the costs of distribution. It is

common knowledge that in many classes of consumer goods the predominant element in over-the-counter prices, sometimes up to 80 per cent, represents the cost of distribution. The freight alone on a box of apples or a sack of potatoes may be greatly in excess of the actual return which the producer enjoys.

The total cost of materials and packaging in a cosmetic or proprietary article nominally priced at a dollar, and actually sold at 69 or 79 cents, may be only 12 or 14 cents; the rest is the cost of creating a demand and putting the package into the hands of the consumer. Books, textiles, tires, metal products—in greater or less degree the same situation prevails.

CONSUMERS' OUT

Distribution is at once the largest and most flexible factor, and it is in this factor that the consumer must seek and find his greatest relief.

Continued on next page

AT the suggestion of several prominent purchasing agents, THE EXECUTIVE PURCHASER is considering the advisability of a Readers' Forum department. Individual questions of law, economics, codes, etc., and the answers of best authoritative nature will be printed.

If the question is confidential the answer will be made by letter.

We invite correspondence of this nature, also expressions as to the advisability of such a Forum.

The Editors.

This is not to be interpreted as in any sense a charge of profiteering either before the codes or under the aegis of the Blue Eagle. It is probable that the price provisions of the retail code have been of less direct benefit to that trade than the corresponding clauses of most manufacturing codes. The differential clause of the wholesale grocers was stayed by executive order before it ever became effective.

It is, however, a charge against an economically extravagant marketing system which, like other abuses of our business structure, has been aggravated by emergency conditions. We have been tolerant of this extravagance in the past, partly on the grounds of supposed convenience, partly through a species of mental inertia that permitted the unplanned, unrestrained development of this highly complicated machinery. But now, if the public interest is to be safeguarded and the recovery program pushed to the point of successful operation as it was conceived, such tolerance has ceased to be a virtue.

SOLUTION

I have faith that American ingenuity would readily find the answer to this problem, as it has for countless other problems, if it were merely left free to do so. It would require no dictatorial edict from above, no universal formula or system applicable to every product or every territory. It is quite likely that the solution in one case would differ materially from that arrived

at in some other field. The one essential ingredient in every plan must be the freedom of competition in distributive systems.

This, incidentally, is the first point of the policy outlined in Title I of the Recovery Act: "It is hereby declared to be the policy of Congress to remove obstructions to the free flow of interstate . . . commerce." I feel very strongly that the effectiveness of the Consumers' Advisory board of NRA from now on will be largely measured by the extent to which this objective can be attained.

Unfortunately, however, the powerful instinct of self-preservation, which naturally comes to the surface in any emergency, is apt to express itself in a desperate endeavor to perpetuate or "freeze" in a code the forms and usages of the existing system rather than casting about in a search for possibilities of improvement. More than this, any deviation from the traditional pattern that shows a short cut or economy which the present system does not afford is condemned as "demoralizing the market."

COMPETITION

There is apparently a feeling on the part of many industrialists that competition, if any, should be at the source, and that the ultimate virtue of a marketing plan is "stability" even though this may, and frequently does, mean price rigidity with a wide spread between prime costs and consumer costs.

From the consumer standpoint, there is grave danger in any scheme which sets up a classification of customers and prescribes a uniform scale of discount or differentials that shall prevail throughout the trade, regardless of whether this merely defines the usual practice, and carries virtually the unanimous endorsement of manufacturers and distributors; regardless of whether it merely draws the broad distinction between jobbing and retail functions as in the general wholesalers code, or makes a minute subdivision of the field into 15 buyer classes as in the proposed brake lining code; regardless of the fact that with base or list prices flexible it cannot truly be called price-fixing.

All of these arguments can be advanced with a plausible air.

But the important fact remains that such a set-up will have the inevitable effect of perpetuating our caste system of distribution, and commerce, like Mother India, will be much better off when traditional caste distributions give way to an aristocracy of achievement.

DISCOUNTS

No one, I think, will question the appropriateness of granting an extra discount to the man or company performing a specific distribution service and to that extent relieving the seller of a burden or expense. That is not the point. But when, by legislation, a fixed differential is decreed and made mandatory on all sellers with respect to certain buyer classifications, you have in effect declared that:

(1) All distributors in each class are equally efficient, equally credit-worthy, equally advantageously located, adequately financed and staffed to do the job, all of which is patently absurd.

(2) Certain distribution functions such as quantity buying, warehousing, small lot deliveries, and credit risks, are definitely assigned to a particular group, are compensated for whether actually rendered or not and cannot be financially recognized when ren-

VALID SALE CONTRACTS

For example, in *Night v Brown*, 181 N. W. 979, it was shown that a salesman took an order which contained a clause that the "order is not subject to countermand. . . ."

Soon afterward the purchaser approached the salesman and orally cancelled the order. The salesman promised to cancel the same but he failed to do so. The purchaser refused to accept the goods and the seller sued to recover the selling

price of the merchandise. However, the court held the purchaser not liable, saying:

"It is elemental that an order such as this, though it contains the words 'not subject to countermand,' may be countermanded at any time before acceptance. Until so accepted, it is simply an offer to purchase, and in no way creates a binding agreement."

Continued on next page

dered by anyone in another group.

(3) A given operating margin is guaranteed to the intermediary before he shall meet price competition on the same product sold through other channels — a margin which must be wide enough to afford a profit in order to be acceptable and which thus grants the intermediary a statutory guarantee of business security considerably in excess of the cost-recovery benefits accruing to either the manufacturer or the retailer under their codes.

TARGET

It requires no profound analyst to see how these principles are aimed directly at the chain store, catalog house, direct-to-you seller, large retailer, group buyer, co-operative, and the direct dealing industrial purchaser. In other words, at all the legitimate agencies which have been striving, with considerable success, to narrow the spread between prime costs and consumers' costs, and have "disturbed the market" in the process.

It requires no extraordinary perception to divine why middlemen as a class have been insistent on the perpetuation of the traditional set-up, nor why they have been strongly supported by the mass of small retailers who can hope to achieve parity with their larger competitors only by penalizing the latter and depriving them of their natural advantages.

There is a social side to the problem. We are pledged to protect

small enterprises, and we must hesitate long and thoughtfully before incurring the risk of further unemployment among the distributor classes by any radical revision of the existing scheme. We must weigh the possibility of a later monopolistic tendency if the numerically smaller group of direct and efficient operators are to prevail and eliminate present competition even as the traditional distributing chain now seeks to eliminate them by code. These are pertinent and serious questions.

POLICY

But in the larger aspect, we must bear in mind that fundamentally we are seeking recovery by vesting the consumers' dollar with a maximum of buying power. We have then not only the right but the duty of asking every business process to justify itself in direct competition with such other methods and devices as may have been developed to perform a comparable service, and this includes every legitimate shortening of the long, long trail that leads from mine and factory to the point of ultimate use.

In normal times, consumer-mindedness is not a sign of altruism on the part of a producer. It is the sort of hard business sense that has brought many a company out of the rut and into the ranks of the leaders. In the stress of a great emergency, our hope of ultimate salvation lies not in throttling that policy, but in its more general application.



Three of your KEY MEN can SAVE with its help



It is nothing for Millers Falls Onion Skin paper to save \$100 postage on one job. We want to send you the Free Portfolio that drips with suggestions for three of your key men:

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Gets his goat the way those outgoing letters tip the scale just over an ounce, at 3 CENTS PER TIP. And on air mail the penalty is terrible. Give him a chance to see this Free Portfolio on use of light-weight paper.

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He's the boy who burns up the stamps — unavoidably. But this Portfolio of snappy colorful cockle-finish specimens of proofs, reprints of ads, broadsides, inserts, etc., will open his eyes to the great savings possible in his postage bill, and give him sales ideas he can use.

Your Sales Manager

If Millers Falls Onion Skin can't cut a large hunk out of the stamp bill on sales correspondence and salesmen's letters, reports, forms, we're badly mistaken.

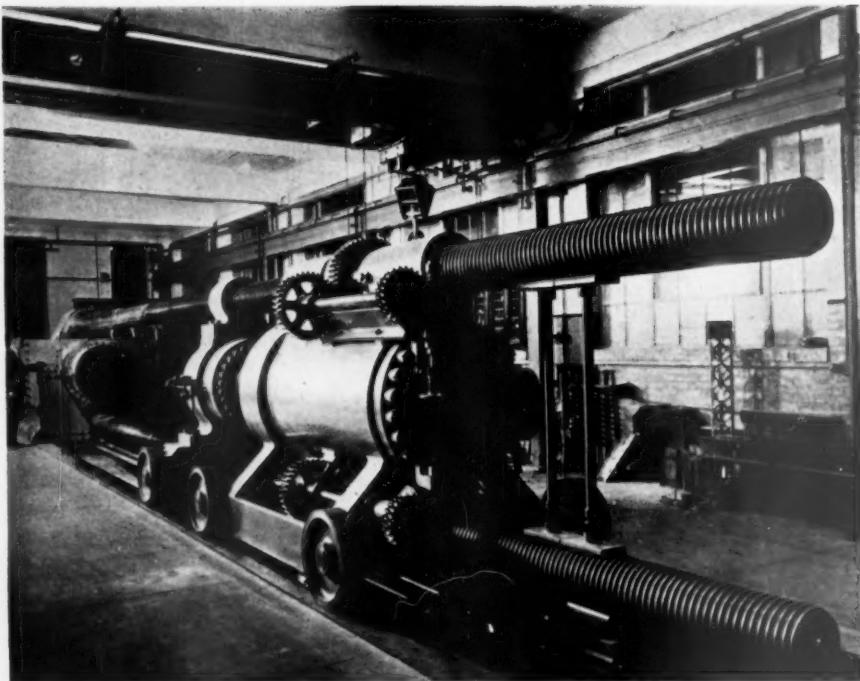
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Valid Sale Contracts

GUARANTEES

First, it is important to know that guarantees are in two legal classifications, namely, expressed and implied. An expressed guarantee is one where the buyer and seller have orally or in writing agreed to the exact terms of the warranty. An implied guarantee is one where the seller does not make a warranty, but the circumstances are such that a court implies that a warranty exists.

Frequently, in order to determine the intentions of the parties, the courts will listen to testimony pertaining to verbal conversations, as well as other relevant evidence of oral agreements, before the sale was completed, although the contract between the buyer and seller distinctly provides that only the terms of the written agreement shall be binding. This point of the law was discussed in the case of *Klinge V Farris*, 268 Pac. 748.

The facts of the case are that a purchaser signed a contract to purchase merchandise. This contract contained the following clause:

"It is further specifically understood and agreed that no statements or representations other than those made in this contract shall be binding and no agreements or conditions not herein contained shall be binding upon either party hereto."

MISSTATEMENT

The purchaser refused to accept the goods and the seller filed suit. During the trial the purchaser proved that the salesman had made certain false statements regarding the quality of the goods. Therefore, notwithstanding the above mentioned clause in the contract the court held the purchaser not liable.

Therefore, it is quite apparent that although a written contract between a buyer, which is accepted by both the purchaser and the salesman's employer, specifies that verbal promises of the salesman are not binding, yet the purchaser is relieved from liability and privileged to introduce testimony under circumstances where it appears that the salesman made false statements.

FACT-FINDING

Continued from page 15

much more important to an industrial buyer than "true confessions" with respect to alloys in general.

Quite a bit of the research work that is turning up hidden facts of importance for purchasing agents is carried on incident to the preparation of federal specifications; or the revision of such specifications. That is neither here nor there, except that it means what the government sharpshooter by close-up analysis is embodied in their own buying patterns. Industrial purchasing agents are thus at liberty to take the resulting specifications for what they are worth. The mere fact that the individual tests foot up well above a quarter of a million dollars annually indicates the scope and the thoroughness of the try-out process.

How tests for specification writing send reactions all down the purchasing line is well illustrated by the recent revision of the federal specifications for wire rope. With practical tests pointing the way, the number of types of rope covered has been increased from 19 to 44. Similarly, in the case of Manila rope there has been a shake-up of the federal specification with the result that the new edition incorporates the quantitative method for evaluating the color of rope fiber. To jump to yet another object lesson we may point to the manner in which the research crew at the bureau of standards recently got to the bottom of the tradition that heat-treated galvanized bridge wire is more sensitive to stresses than a cold-drawn galvanized wire.

CEMENT

Serutiny of cement is one of the best things that Uncle Sam does for the benefit of purchasing executives who are concerned with cement, coming or going, so to speak. For this far-flung research, the government maintains, in addition to the cement-testing laboratory at Washington, branch labora-

tories at Northampton, Pa., Denver and San Francisco. By way of extra, a branch laboratory has been established at Riverside, Cal., to test cement for Boulder Dam. Compressive strength tests of concrete at the age of one year form Uncle Sam's favorite method of getting a bead on high early-strength cements. The bureau staff is now deep in an investigation of the durability of elastic calking cements. Tests of 382 samples, for use in government buildings, show a marked improvement in the quality of this class of products.

Some of the progressive undertakings in technical research which are under way at Washington are "unfinished business." That is to say, the series of tests or studies have yet some distance to go and the purchasing executive must take present results, subject to additions. But, on the other hand, many of the probes of the past few years are now receiving finishing touches. That is the status of the exploration of the properties of foundry molding sands and the methods by which such properties can be determined.

So, too, we may soon expect the last word upon vitreous enamel coatings. Tests have been finished on more than 800 specimens of 11 typical first-coat enamels which have been put through their paces for strength and elasticity.

BRICK

Yet another research job which is now completed and only awaits full application of results is the study of the physical properties of common brick. This "third degree" was applied to brick samples from 255 plants distributed throughout the United States.

The department of commerce has no monopoly on the research work that helps the executive purchaser on his way. The department of agriculture is also chipping in; because the "farm annex" of the federal government, and particularly its bureau of chemistry, is assigned to help the farmer. And the farmer



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B R O N Z E



is both a producer and a purchaser of industrial products. Thus the farmers' advisory staff has a double interest in hides and tanning materials. Agricultural America supplies each year about \$300,000,000 worth of hides and skins and some \$20,000,000 worth of vegetable tanning materials. On the other hand, Agricultural America buys about one-third of the \$1,500,000,000 worth of shoes, harness, belts for machinery, etc., sold every year in this country.

TANNING

Just here we stumble upon a vivid illustration of how close technical research comes to the stark realities of commerce. Right now, industry is face to face with a need for an increase in the domestic supply of leather-tanning materials. Over 90 per cent of our heavy leathers are made with vegetable tanning materials. Over 60 per cent of the domestic supply of tannin is now derived from the chest-

nut tree which will soon be nonexistent because of blight.

So you see, in a roundabout way, an industrial purchasing agent with belts to buy, has reason to keep an eye on the current campaign to draft western hemlock bark as a tanning material. This means that what has passed in Oregon and Washington as waste material will come into the industrial supply picture as a resource worth more than \$5,000,000. Experiments already carried out indicate that leather tanned with liquors containing hemlock-bark extract is entirely satisfactory and cannot be distinguished from regular tannage.

PROTECTION

The agricultural chemists who are devoting themselves to industrial research have another big nut to crack in their effort to find improved methods of treatment for canvas, tobacco shade cloth, covers, bagging and other cotton fabrics for outdoor use. The cotton duck

covers, which America consumes every year to the tune of \$70,000,000, are not only required to be waterproof, but should, in most instances, be capable of resistance to destructive agents such as light, fire, acids and mildew. These fabrics do not all, in fact, measure up to needs and expectations in this wise. Indeed, annual losses from inadequate "protection" are placed at \$15,000,000. So there is a considerable urge upon the exploring chemists who are striving for means to make canvas more serviceable and more durable. Already they have one large scalp at their belts in the discovery that the process for flame-proofing cotton fabrics with stannic oxide can be improved and cheapened by precipitating ferrie iron with the tin.

As a sample of the little "discoveries" that enter into the imposing sum total of the benefits of technical research, I want to mention in passing the discovery a few months ago that it is practicable to make striped awning material mildew-proof by the zinc borate treatment. And to do it without affecting the colors.

SELF-SUFFICIENCY

Looking to the days when, worse luck, we may be shadowed by the possibility of another war, purchasing executives are due to take comfort in one underlying impulse of the governmental research work. This is the studied determination to make the United States independent in the matter of raw materials. Or, at least to carry out to the nth degree the substitution of domestic for imported commodities.

This ambition for industrial self-sufficiency is at the bottom of the quest for leather-tanning materials. It's on the cards that the Yankee purchasing agents, in their requisitions for vegetable tanning materials, must be under no compulsion to use *quebracho*, which is an imported material.

As another current move looking to the substitution of a domestic for an imported product, cast your eye on the nursing by Uncle Sam

CODE AUTHORITY CONFERENCE

ONE year and one day after his inauguration, President Roosevelt will address what probably will be the greatest gathering of leaders of industry and trade in the country's history — the conference of code authorities and trade association committees scheduled to be held in Washington March 5 to March 8.

Invitations to participate in the conference to determine practical measures to meet problems which have arisen in actual code operation, were today forwarded by Administrator Hugh S. Johnson to nearly 7000 members of the authorities created under approved codes and also to the trade association code committees representing those industries whose proposed codes, having been considered in public hearings, are now awaiting formal approval.

A total of 278 codes covering approximately 90 per cent of all industry and trade have been approved to date and another 353, most of them for relatively small industries, on which public hearings have been held, are in course of preparation for final approval.

of an infant industry which is counted upon to supply sweet potato starch to cotton mills in replacement of imported potato starch upon which they are now dependent.

Nor don't let us overlook the potash research adventure under the same auspices. To date the potash program, as conducted by federal and other agencies has succeeded in making the country 60 per cent self-sufficient in its domestic potash supply.

PRINTERY

A very special slant in research work, with a sequel in behalf of industrial purchasing, is to be found at the Government Printing Office — the largest printing plant in the world. The big print shop has a

OBJECT

In his call for the conference, the opening sessions of which are to be held in Constitution Hall, General Johnson outlined the major purposes to include "the consideration in public sessions of the possibilities of increasing employment; protections against destructive competition and against excessive prices and monopolistic tendencies; the elimination of inequalities and inconsistencies in codes; the position of small enterprises; and the vast problem of code administration and the organization of industry for self-government."

In his invitations to the conference, General Johnson not only requested the submission before Feb. 20 of "such questions, or suggestions, which, in your judgment, may improve the policy or procedure of the National Recovery Administration" but he also urged participants to come prepared to discuss details of the effect of the codes on their particular industries.

Accurate information is desired, the General pointed out, concerning the effects of codes on opera-

Continued on next page

technical division devoted to finding better and cheaper ways of supplying industrial needs. This division has lately found means to increase the "folding endurance" of writing, bond and ledger papers. During the past year there have been developed waterproof ruling inks in colors as well as jet black waterproof ruling ink.

Purchasing agents who have a weakness for catalogs with limp covers may be interested in the news that the printing office is making a thorough test of the new pyroxylin-treated fabric which is claimed to be an improvement over the pyroxylin-coated fabrics heretofore on the market, in that the new cover material is impregnated with a pyroxylin base instead of being merely coated.

tions, including employment, in each industry; on general price trends of products in each industry; and on unethical trade practices, as well as the effects of code provisions, if any, restricting production through limitation of machine hours or plant facilities, and the effect of codes on smaller concerns in each of the industries.

In addition, the invitation solicits suggestions to be presented during the conference for the modification, elimination or addition of specific code provisions; proposals for the elimination of overlapping of codes and for the financing of industry code administration.

Following the opening session on March 5 to be addressed by the President and General Johnson, the general conference will be divided into several public group meetings to be followed by group conferences of Code authorities and Code committees with the administration and a final general conference of selected delegates of each Code authority and committee with the administrator.

Group I. Possibilities of increasing employment; wages and hours; comparative situation of capital goods and consumer goods industries.

Group II. Trade Practices: Costs and prices; protections against destructive competition; and against excessive prices and monopolistic tendencies.

Group III. Trade Practices: Control of production, limitation of machine hours; restriction of expansion of facilities; ethical practices regulating competitive relationship.

Group IV. Code Authority Organization: code administration, including compliance and enforcement; inequalities, inconsistencies and overlapping in codes; inter-industry and inter-code coordination; the financing of code administration; use and control of the Code Eagle.

Group V. Operation of codes in small enterprises; position of minorities.

A BLOW TO POLITICS

WARREN W. LOOMIS, 56, a resident of Needham, Mass., has been appointed by Mayor Mansfield of Boston to the \$7500 a year post of superintendent of supplies.

The mayor said his selection was made on recommendation of Prof. William G. Morse of Harvard, director of the National Association of Purchasing Agents, who recently successfully advised Mayor La Guardia of New York to appoint Prof. Russell Forbes to a comparable position in New York.

Instead of announcing the appointment of Loomis when he made known his acceptance of the resignation of Philip A. Chapman, who has held the position for more than four years, the mayor chose to give the city council the first information of his action.

Told at a newspaper conference later that it was unusual for the mayor to go outside Boston for men for municipal positions, Mansfield

said: "I was looking for the best man I could find and I didn't care where he lived. I picked him because he was the best man in the business — the best man I could find."

Comments Rufus Steele of the *Christian Science Monitor*:

"Boston political circles are treated to a genuine sensation by Mayor Frederick W. Mansfield. He goes outside the city, outside his party and appoints Warren W. Loomis of Needham, Mass., superintendent of supplies at \$7500 a year. The new Mayor makes the choice on recommendation of the National Association of Purchasing Agents, which was asked to find him the very best man. Mr. Loomis will spend about \$4,000,000 a year for the city, and much more if the Mayor is able to bring all the departments under one head — Brave Mayor Mansfield, benefiting Boston, sets an example for the nation."

THREE THINGS EVERY PURCHASING AGENT SHOULD KNOW ABOUT SILICA STONE for CUPOLA, LADLE or CONVERTOR RELININGS . . .

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BRIGHT LUMBER

Government and Industry join in War on Sapstain

by LARRY ALLAN

TO meet the world-wide demand for "bright lumber," free from all sapwood discoloration, America's leading chemical manufacturers are now carrying on an extensive large scale experiment in co-operation with the lumber industry and the United States Department of Agriculture which to date has proven so successful. Savings of millions of dollars annually are indicated through the production of better grades of lumber and higher prices for those better, stainless grades.

For several years there has been a growing demand for stain-free lumber by manufacturers of furniture and wood-ware specialties and during the last year, in a buyer's market, the demand has increased rapidly in other fields of the wood-using industry. Today not only furniture manufacturers, but home-builders, buyers for specialty manufacturers, the wood-turning industry, stave and veneer users, and even manufacturers of wood boxes and packaging are specifying "bright lumber" in their orders.

PUBLIC OPINION

Fighting desperately in the face of the present

depression these users of lumber assert that in their surveys it is shown conclusively that the general public is largely guided in buying by the good appearance of their product. Men inspecting to-be-purchased homes are particular about any discoloration of not only flooring and cabinet work but the general run of woodwork. Purchasers of wooden-ware of all kinds pick and select those pieces which are free from stain. Manufacturers are almost unanimous in declaring that the use of "bright lumber" instead of lumber showing stains has greatly assisted them in retaining old and securing new business.

"This buyer's revolt against lumber showing discolorations has reached such a serious stage," one large lumber producing executive in New Orleans said, "that we recently had a large shipment refused by a vegetable and fruit box fabricator at Lake Charles, La. Until this shipment he had accepted stained lumber; now he insists upon 'bright lumber.' The general public, he said, favored clean and bright looking crates of radishes, lettuce and other vegetables to such an extent that truck-garden producers were refusing any stained containers. That indicates how

REPEAL SIDELIGHTS

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quotas providing such countries bought from the United States additional farm products of equal or greater price. Thus France's quota was doubled, when she agreed to quadruple her importations of pears and apples from this country. Both grain and pork figured in other reciprocal agreements.

Allocating the permits to bring in this liquor, after an agreement is reached through the state department, is the business of the Federal Alcohol Control Administration. Actual transactions are not, of course, between the United States as buyer and the foreign country as seller of liquor. The FACA receives applications and grants permits to the individual importers in the United States to buy and to bring into this country so much liquor from an individual or firm in a foreign country. These permits, of course, are for the purpose of keeping importations from each country within its quota. Should the American importers file requests with the FACA to import from a certain country twice as many gallons as are allowed by the quota, then the amount of each man's request would be cut in half.

EXCEPTIONS

For every gallon of distilled spirits brought into this country there must be paid a five-dollar import duty plus a two-dollar tariff. There are only two exceptions to this: by the terms of the Platt amendment to the Paris Peace Treaty, Cuba receives a preferential, or lower, tariff on products she sends into the United States; an individual coming into this country is allowed to bring one quart of distilled spirits per month into this country duty free. The latter ruling applies only to adults. Duties on wine are based on the alcoholic content. According to the control administration there is almost no beer imported into this country.

The re-established liquor industry in the United States is less than three months old. Predictions for the future of the industry cannot be based on facts obtained prior to 1920. The world has changed so much in the past 14 years that nothing that happened then can serve as a guide for measuring what will happen in the future.

But while on its way, the indications are that this newest industry plans to hold everything under control.

important it is that we discover ways and means to effectively control sapwood stains."

FUNGI

Aside from appearance many lumber buyers favor stainless lumber because of a belief that the moist, warm conditions conducive to the development of sapstains are also favorable for infection by numerous organisms which would produce decay. This has been especially true in the foreign lumber trade where buyers judge largely on appearance. During the last year several instances have arisen in which the foreign buyers have claimed a loss on large shipments of sap-stained lumber, refused to accept the cargo, or demanded arbitration proceedings which have resulted in substantial losses to American shippers.

Blue-stain and other discolorations caused by the growth of several different species of fungi in the sapwood have been recognized as degrading factors for nearly 50 years. Billions of board feet of sap gum and other hardwoods, as well as pine, which would have been graded "B or better" (in pine) or "firsts and selects" (in hardwoods) have been placed in the common grades because of sapstains. Loss in grade quality from discolorations is estimated to cause a loss of from \$3 to \$5 per thousand feet in pine, and from \$5 to \$10 per thousand in hardwoods. Actual losses in the United States annually amount to \$10,000,000 according to Dr. E. E. Hubert of the University of Idaho School of Forestry.

EARLY TREATMENT

In attempts to prevent infection by stain-producing fungi experiments in using chemical dips or sprays were made as far back as 40 years ago without, however, much success. One of the first attempts was through the sprinkling of lime on boards in the seasoning yards, as well as under and around the piles. This was abandoned when it became evident it was not effective enough to be worthwhile and, in addition, because of a suspicion that the lime caused rapid dulling of planer knives in the dressing mills.

In 1900 it was discovered that alkali solutions (bicarbonate of soda, sodium carbonate, or mixtures of the two) were fairly successful in controlling sapstain in pine lumber. Since then dipping pine in hot solutions of alkalis has been the industry's chief weapon against the occurrence of costly fungi. Alkalies, however, were not successful in combating stain in hardwoods.

Freshly sawn green pine lumber, coming from the saws, was carried on conveyor chains through the trimmer saws and into an open vat containing a solution of alkalis of from 5 to 10 per cent concentration. After an immersion of from 5 to 15 seconds the lumber was carried to the sorting table where lengths, widths and grades were segregated, and carried to the seasoning yard. For effective use it was necessary



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for the soda bath to be heated to a temperature of from 140 to 160 degrees fahrenheit.

DISCOLORATION

Many lumbermen contended that, in addition to failing to do a thorough job of preventing sapstain, the use of soda solutions had the disadvantages of discoloring the wood, of too rapid evaporation in the open air, of expense and inconvenience in heating the solution, and of disagreeable conditions for the workmen. A better, safer, cheaper and simpler preventive of stain was deemed extremely important.

Various chemical concerns and government agencies made intermittent efforts to produce a more effective and satisfactory preventive over a period of years, but it was not until 1928, in the face of an increased demand for "bright lumber" and a fresh realization of losses from discoloration that a thorough cooperative effort was made to solve the problem.

Climatic conditions in the South made sap-stains a major problem in hardwood lumbering and one of the largest export lumber firms in the South (American Pitch Pine Export Co., New Orleans) joined forces with forest pathologists of the department of agriculture to seek a satisfactory method for the control of the expensive fungi. Pathologist R. M. Lindgren, attached to the Southern Experiment Station at New Orleans, devised a small scale test in which he used small pieces of 100 per cent sapwood which he treated with different compounds and arranged in piles beside untreated specimens. The miniature seasoning piles were stacked in damp and warm places where conditions were ideal for the growth and development of stain-producing fungi.

PROMISING TESTS

By mid-summer of 1930 sixty-eight compounds, submitted by manufacturing chemists throughout the United States, had been given thorough tests and five had yielded sufficiently promising results to warrant further testing on a large commercial scale. One of the most favorable and important results of the experiments was that some of the compounds were found to control sap-stain on hardwoods as well as pine.

As alkali solutions had little value in preventing discoloration in hardwoods, all of the better grades had been steamed or end-racked at a cost of from 75 cents to \$1 per thousand feet. Through eliminating the cost of steaming and end-racking an annual cut of from four to five billion feet of hardwoods the chemical treatments, therefore, indicated possibilities of a tremendous saving to the hardwood lumber industry.

Of the chemicals tested two types of compounds—ethyl mercury and chlorinated phenol—have given the best results in the experimental laboratories and commercially. The lumber is dipped, as in the alkali solution method, except that the solutions are used cold. In place of the 20 to 25 pounds of alkalis used in 50 gallons of water (at a cost of from 12 to 15

cents per thousand board feet) only one pound of ethyl mercury compound is required, making the cost of dipping range from 10 to 14 cents per thousand feet. The chlorinate phenols are used in stronger concentrations, but cost less per pound, and the expense of dipping is approximately the same. Steaming or end-racking of hardwoods is not necessary after dipping in the chemical solutions and experiments and commercial dipping figures to date indicate a saving of approximately 60 cents per thousand feet.

HIGH SCORE

The chlorinated phenols have not yet been placed on the commercial market but ethyl mercury compounds have been given large scale tests by 160 of the largest producers of lumber in the South during the last year, chiefly in Florida, Alabama, Mississippi, Louisiana and Texas, where the experiments and tests have been concentrated. In 1931 over 600,000,000 board feet of lumber were dipped in ethyl mercury solutions and the results have proven extremely satisfactory, scoring as high as 97.4 per cent "bright lumber" in treated pine (as against 33 per cent for untreated), and 99.2 per cent on sap-gum, one of the chief hardwoods utilized in the manufacture of furniture, as against 69 per cent for untreated.

Experiments on an increasingly large scale under commercial conditions still go on and with the data now being secured chemical concerns, lumbermen and the government experts are confident that they have been successful in meeting the demands of the ultimate consumer for "bright lumber."

NRA OPPONENTS ARE INVITED TO CAPITAL

MORE than a score of the country's outstanding economists and marketing experts—many of them critics and some of them avowed opponents of NRA—have been invited to join the administration in the study of open price associations now being conducted by Division Administrator A. D. Whiteside and Col. Robert H. Montgomery, chief of the research and planning division.

The invitations were extended, at the suggestion of National Recovery Administrator Hugh S. Johnson, by Leon Henderson, himself an outspoken critic of certain NRA policies, recently named by the General to act as a special assistant to observe and advise on code operation from the consumers' standpoint.

Among those invited to recommend specific points for inclusion in the open price association study are Dr. Frederick C. Mills, of the National Bureau of Economic Research; Dr. Frank M. Fetter, professor of economics at Princeton university and author of, among other works on the subject, "The Masquerade of Monopoly"; Dr. Virgil Jordan, director of the National Industrial Conference Board; Miss Mabel Lewis,

recognized authority on cartels; Frederick Dewhurst, who recently completed an exhaustive study of the stock market for the Twentieth Century Fund; and Dr. Walton Hamilton, of Yale university.

DISTINGUISHED GROUP

Others, equally noted, are Edward Morehouse of the Wisconsin Public Service commission; Dr. Arthur M. Burns of Columbia university; Commissioner James Landis, member of the Federal Trade commission; Dr. I. L. Sharfman of the University of Michigan; Dr. Benjamin Anderson, economist for the Chase National Bank, New York; Dr. Alexander Sachs, formerly chief of the NRA research and planning division; Roe Alderson of the department of commerce; Dr. John R. Commons, of the University of Wisconsin; E. Dana Durand, staff expert of the United States Tariff commission; Walter Rice, department of justice; Prof. E. C. Chamberlin, formerly of Harvard university and now associated with the Committee on Governmental Statistics; Dr. Joseph H. Willitts, dean of Wharton School of Finance, University of Pennsylvania; Dr. Leverett Lyons, Brookings Institute; Dr. Paul Nystrom, nationally known marketing expert; George Soule, editor of *The New Republic*; Dr. W. H. S. Stephens, staff expert for the Federal Trade commission; Alfred Falk, economist for the Advertising Federation of America; and I. C. Fox of the National Retail Dry Goods association.

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Pointing out to them in his letter that the administration's study of the open price association problem is a direct result of the recent price change hearings, Mr. Henderson forwarded to each a copy of Mr. Whiteside's "interim report" on the price hearings which the letter suggested as "a basis for your comments and recommendations."

"When the materials of the study have been assembled," Mr. Henderson's letter continued, "it is my hope that you will comment on the significance of the data, after which the report will be written and

New York Group Hears Sullivan

MARK SULLIVAN, well known writer and commentator on national affairs, will discuss "The Philosophy of the Economic Situation in the United States Today" at the February meeting of the Purchasing Agents Association of New York, at the Western Universities club, 500 Fifth Ave., New York.

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published. It would be extremely helpful if you could send your suggestions promptly, as a number of decisions are temporarily in suspense pending completion of this report."

The report will be one of the major subjects for discussion during the forthcoming conference of code authorities and trade association code committees now scheduled to be held, under administration auspices, in Washington, March 5 to 8.

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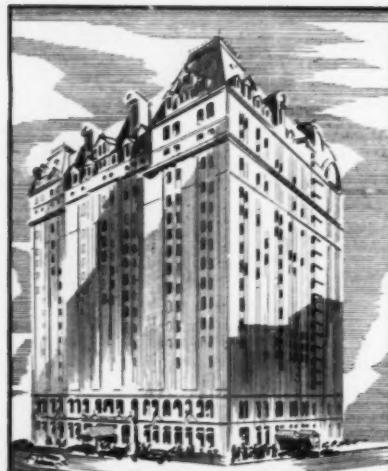
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